ASX ANNOUNCEMENT

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3 August 2026

SUBMISSION OF BINDING PROPOSAL TO ACQUIRE HAMMER METALS LIMITED (ASX: HMX)

STRATEGIC ACQUISITION CREATING A LEADING QUEENSLAND COPPER PRODUCER, DEVELOPER AND EXPLORER

Highlights:

- Austral Resources Australia Ltd (ASX: AR1) ("Austral" or the "Company") has submitted a definitive written and binding proposal to acquire 100% of the issued share capital of Hammer Metals Limited (ASX: HMX) ("Hammer") by way of a Scheme of Arrangement ("Definitive Proposal" or "Offer").
- Consistent with Austral's non-binding indicative proposal announced on 7 July 2026, if the Definitive Proposal were to be implemented, Austral will provide each Hammer shareholder with a total implied value of A$0.087 per Hammer share, comprising 1.2903 Austral shares for every one Hammer share (intended to reflect a value of approximately A$0.080 per Hammer share) and A$0.007 per share attributable to the SpinCo demerger.
- The Austral Board has been informed that the Hammer Board, in consultation with Hammer's financial and legal advisers, has unanimously determined that the Austral Proposal constitutes a "Superior Proposal" for the purposes of the Larvotto Scheme Implementation Deed ("Larvotto SID").
- Larvotto's five business day matching period under the Larvotto SID has commenced and expires at the end of Monday, 10 August 2026 - until that time Hammer cannot enter into a definitive agreement that is binding on Hammer in relation to the Definitive Proposal.
- The combined group will create a larger Queensland-focused copper producer, developer and explorer with substantial scale across Queensland, including ownership of the Mount Kelly (oxides) and Rocklands (sulphides) processing facilities and Hammer's highly prospective copper-gold exploration portfolio.
- The transaction includes a proposed SpinCo demerger of Hammer's Western Australian gold assets on substantially the same basis as previously disclosed by Hammer.

Overview

Austral is pleased to announce that it has provided a binding Offer to Hammer pursuant to which Austral will acquire all of the issued shares in Hammer by way of a court-approved Scheme of Arrangement under Part 5.1 of the Corporations Act (the "Transaction").

The Transaction, if implemented, will combine two highly complementary Queensland copper businesses and is consistent with Austral's strategy of maximising utilisation of its Rocklands processing infrastructure through the development and consolidation of high-quality regional copper resources. The Transaction would also

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combine Hammer's resource base and exploration portfolio with Austral's existing infrastructure and operational capability, creating potential synergies and reducing the need for standalone development or toll-processing arrangements. Strategically, the Transaction expands Austral's footprint across the region and strengthens its ambition to become a leading mid-tier copper powerhouse in Queensland.

Upon implementation, Hammer shareholders will become shareholders in Austral and participate in a larger, more diversified and better-capitalised copper-focused company with exposure spanning production, development and exploration assets across Queensland.

Strategic Rationale

The Transaction, if implemented, is strategically compelling for Austral and its shareholders for a number of reasons:

Rocklands Feed Source

Hammer's portfolio, including the Kalman copper-gold-molybdenum-rhenium resource, provides a potential long-term source of ore feed for the Rocklands processing facility. Hammer has previously stated that Kalman comprises approximately 39.2Mt of Mineral Resource Estimate @ 1.1% CuEq[1] and is located approximately 60km from Rocklands by existing road infrastructure.

Portfolio Scale

If the Transaction is implemented it will significantly expand Austral's resource inventory and tenement footprint strengthening its position as a significant copper-focused company in Queensland and increasing ownership and mineral resources within one of Australia's most important mining provinces.

Exploration Potential

Hammer's tenement package includes extensive exploration ground within the highly prospective Mary Kathleen Domain and surrounding districts. Austral believes the combined entity will, if the Transaction is implemented, be better positioned to systematically advance and test this portfolio through enhanced funding capacity and exploration capability.

Liquidity and institutional profile

Following implementation of the Transaction, a possible combined market capitalisation in excess of A$250m may create a more liquid, institutionally-relevant vehicle capable of attracting a broader and deeper investor base.

[1] Refer ASX:HMX Announcement 13 April 2026. The Mineral Resource Estimate (MRE) is comprised of 17.1Mt @ 0.87% open pit indicated MRE, 10.5Mt @ 0.93% open pit inferred MRE and 11.5Mt @ 01.48% underground inferred MRE.

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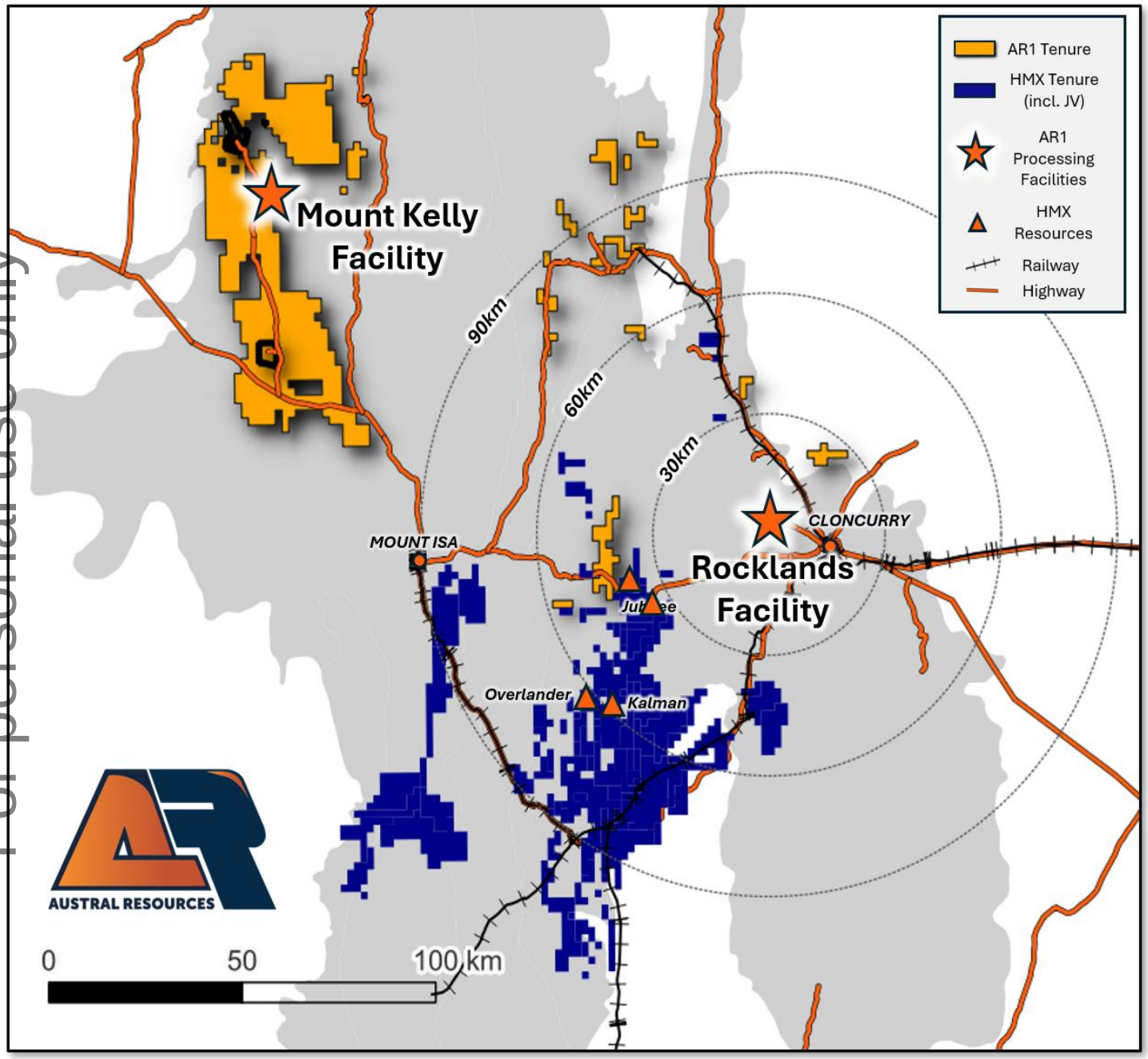


Chart 1: Austral's Consolidated Tenement Package

Scheme Consideration

Under the terms of the Offer (if implemented):

- AR1 will provide each Hammer shareholder 1.2903 Austral shares for every one Hammer share, that is intended to reflect a value of approximately A$0.080 per Hammer share.
- The Offer also includes A$0.007 per share attributable to the SpinCo.

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Following implementation of the Scheme, existing AR1 shareholders and Hammer shareholders are expected to own approximately 68.9% and 31.1% respectively of the combined group.

In addition, the proposed Transaction contemplates completion of Hammer's proposed SpinCo demerger prior to implementation of the Scheme. Hammer's Western Australian gold assets are expected to be separated into the SpinCo structure for the benefit of Hammer shareholders.

SpinCo De-merger

In addition to the Scheme Consideration, under the Proposed Transaction Hammer shareholders will retain ownership of Hammer's Western Australian gold assets through the proposed SpinCo demerger.

The SpinCo assets include:

- Bronzewing South Project: a gold exploration project in the Yandal Greenstone Belt of Western Australia;
- Orelia North; and
- Mt Sefton,

which will be separated from Hammer prior to implementation under the proposed Transaction.

Premium Analysis

The proposed Transaction, if implemented, represents a Total Implied Value of approximately A$0.087 per Hammer share, being a:

- 70.6% premium to the last closing price of Hammer shares on 10 June 2026, the date prior to announcement of the Larvotto Resources Limited proposal;
- 59.6% premium to the last closing price of Hammer shares on 6 July 2026, the date prior to announcement of the Transaction; and
- 29.9% premium to the competing Larvotto Resources Limited Proposal announced by Hammer.

Benefits to Hammer Shareholders

The proposed Transaction, if implemented, provides Hammer Shareholders with:

Superior Consideration

The proposed Transaction, if implemented, will deliver A$0.087 per Hammer share on a Total Implied Value basis, representing a 29.9% premium to the Larvotto Resources Limited proposal's A$0.067 per Hammer share.

Genuine Operational Synergies

The proposed Transaction is intended to offer material and immediately identifiable operational synergies:

- **Rocklands processing pathway** – Austral's Rocklands flotation plant (3Mtpa, targeting mid-2027 recommission, located 17km west of Cloncurry) provides a defined processing pathway for Hammer's copper-gold sulphide resources, including Kalman (~60km from Rocklands by road). Austral is actively seeking third-party toll feed to optimise Rocklands utilisation, making the Hammer portfolio a natural priority feed source;

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- **Austral has a seasoned team and significant presence in the region** – Austral's existing operational presence across the Mt Isa corridor (including team, regulatory relationships, logistics, and community position) directly transfers to the acceleration of Hammer's portfolio development, at materially lower cost and risk than Hammer could achieve on a standalone basis;
- **Elimination of third-party processing** – Austral's 100% ownership of Rocklands consolidates the logical and most commercial processing pathway for Hammer's sulphide ores within the combined Austral-Hammer group ("MergeCo"). The Austral combination thus means that Hammer shareholders, as part of Austral, will receive 'full value' for the tonnes produced from Kalman, rather than forgoing economics to a third-party tolling solution - likely via Austral's Rocklands plant, or via Glencore; and
- **Exploration re-invigoration** – Hammer has been structurally undercapitalised and has not explored aggressively across its highly prospective tenements. Austral's balance sheet positions it to immediately fund a reinvigorated exploration programme across the combined Mt Isa portfolio.

Pure-Play Queensland Copper Exposure

MergeCo will be a 100% Queensland copper-focused vehicle – producer, developer and explorer across the region.

Strong, Supportive and Well-Funded Register

Austral's register is characterised by long-term investors aligned with growth and value creation. Austral is debt-free and has a Board that is strongly aligned with shareholders, including representatives of substantial shareholders. MergeCo's balance sheet will be well-capitalised, with Austral's balance sheet providing immediate funding opportunities for exploration, Rocklands recommission and portfolio advancement.

Clean Structural Solution for WA Assets

The SpinCo demerger (on terms already agreed between Hammer and Larvotto) neatly separates Hammer's Western Australian gold exploration assets into an independent vehicle, allowing Hammer shareholders to retain optionality on the Yandal assets without encumbering the core Queensland copper portfolio. Austral is content to step into this agreed demerger structure without modification.

Funding Agreement

As part of the proposed Transaction, Austral has offered to provide Hammer with a bridging funding facility of up to $6 million.

The facility is intended to provide funding certainty and support Hammer's ongoing operations during the Scheme period. The facility will also fund the repayment of the outstanding balance of the Larvotto loan (previously provided to Hammer) and the Break Fee that may become payable to Larvotto under the Larvotto SID.

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Conditions of the Scheme

Implementation of the Scheme remains subject to a number of customary conditions that are consistent with those contained in the Larvotto SID, including:

- Hammer shareholder approval at the Scheme Meeting;
- Court approval of the Scheme;
- The Independent Expert concluding that the Scheme is in the best interests of Hammer shareholders;
- ASIC, ASX and other required regulatory approvals;
- No prescribed occurrences occurring in respect of either Austral or Hammer;
- No material adverse change occurring in respect of either company;
- Accuracy of warranties given by each party;
- Completion of arrangements relating to Hammer incentive securities;
- Approval and implementation of the SpinCo demerger; and
- Other customary conditions for a transaction of this nature.

Exclusivity Arrangements

The Offer contains customary exclusivity provisions in favour of Austral that are consistent with those contained in the Larvotto SID, including:

- No-shop restrictions;
- No-talk restrictions;
- No due diligence restrictions;
- Notification obligations on Hammer in respect of competing proposals; and
- Matching rights in favour of Austral.

These provisions are subject to customary fiduciary exceptions permitting the Hammer Board to fulfil its statutory and fiduciary duties.

Larvotto matching right

In accordance with the Larvotto SID, Hammer has notified Larvotto that it, in consultation with Hammer's financial and legal advisers, considers the Austral Proposal to be a Superior Proposal for the purposes of the Larvotto SID and that the five business day matching period has commenced ("Matching Period"). During this Matching Period, Larvotto has the right (but not the obligation) to announce or formally provide to Hammer a matching, equivalent or superior proposal or other counter proposal to the terms of the Austral Proposal and Hammer cannot enter into a definitive agreement that is binding on Hammer in relation to the proposed Transaction. The Matching Period will expire at 11:59pm (AWST) on Monday, 10 August 2026.

Break Fee

The Offer contains a commercial framework under which Hammer may be required to pay Austral a break fee of approximately **A$730,000**, subject to customary limitations and circumstances (the "Break Fee").

The Break Fee may become payable in certain circumstances, including where a competing proposal succeeds or where the Hammer Board changes its recommendation in favour of a superior proposal.

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Indicative Transaction Timetable

An indicative timetable for implementation of the Scheme will be included in the Scheme Booklet to be dispatched to Hammer shareholders.

Event	Date
Draft Scheme Booklet provided to ASIC	September 2026
First Court Hearing	September 2026
Scheme Meeting	October – November 2026
Second Court Hearing	October – November 2026
Effective Date	November 2026
If the Scheme is approved by the Court and becomes Effective	
Record Date for Scheme and Demerger	November 2026
Completion of Demerger	November 2026
Implementation Date	November 2026

Advisers

Austral's advisers in relation to the Transaction are:

- Euroz Hartleys Limited – Joint Financial Adviser;
- Shaw and Partners Limited – Joint Financial Adviser; and
- GLG Legal – Legal Adviser.

Austral Chairman Comment

David Newling, Chairman of Austral, commented:

"We are pleased to have provided a binding offer to Hammer Metals. The transaction brings together two highly complementary Queensland copper businesses and provides a pathway to combine Hammer's high-quality resource base with Austral's existing processing infrastructure, operational capability and strong balance sheet. We believe the combined group will be well positioned to accelerate development opportunities across the broader region and deliver long-term value for shareholders as we continue to build out Australia's next mid-tier copper powerhouse."

Investors are cautioned that there is currently no binding agreement between Austral and Hammer in relation to the Definitive Proposal. Accordingly, investors should not place undue reliance on the description or quantification of synergies and other potential benefits of the Definitive Proposal at this time.

The Company will keep the market informed in accordance with its continuous disclosure obligations.

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This announcement has been authorised for release by the Board of Austral Resources Australia Ltd.

About Austral

Austral Resources Australia Ltd (ASX: AR1) is a Queensland-focused copper producer and developer headquartered in Brisbane. Austral owns and operates one of the most strategically compelling copper platforms on the ASX, centred on a dual processing capability that can process both copper oxides and copper sulphides in the Mt Isa / Cloncurry corridor of northwest Queensland:

- Mt Kelly SX-EW Operation – a producing copper oxide heap leach and SX-EW facility (Lady Annie, Lady Loretta and Mt Kelly tenements) generating LME Grade A copper cathode, providing the cash flow engine for Austral's growth strategy;
- Rocklands Project (recommission underway) – a 3Mtpa sulphide copper-gold flotation facility located 17km west of Cloncurry, currently being recommissioned for mid-2027 restart. Rocklands represents one of the few processing facilities in the region with available third-party toll capacity, and is designed to produce a copper-gold concentrate;
- Lady Loretta (acquired April 2026) – a former Glencore zinc operation acquired at nil net cost to Austral providing access to highly prospective copper tenure in the Lady Loretta district; and
- Regional tenement footprint – Austral holds a substantial and contiguous tenement position across the Mt Isa Inlier.

About Hammer

Hammer Metals Limited (ASX: HMX) holds a strategic tenement position covering approximately 3,600km^2 within the Mount Isa mining district, with 100% interests in the Kalman (Cu-Au-Mo-Re) deposit, the Overlander North and Overlander South (Cu-Co) deposits, the Lakeview (Cu-Au) deposit and the Elaine (Cu-Au) deposit. Hammer also has a 51% interest in the Jubilee (Cu-Au) deposit. Hammer is an active mineral explorer, focused on discovering large copper-gold deposits of Ernest Henry style and has a range of prospective targets at various stages of testing. Hammer also holds a 100% interest in the Bronzewing South Gold Project located adjacent to the 2.3 million-ounce Bronzewing gold deposit in the highly endowed Yandal Belt of Western Australia.

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Some of the information contained in this disclosure constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations potential synergies or financial conditions or provide other forward-looking information. The actual results, performance or achievements could be different from the results or objectives expressed in, or implied by, those forward-looking statements.

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- do not make any representation or warranty, express or implied, as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this disclosure or that this disclosure contains all material information about Austral or the Transaction or that a prospective investor or purchaser may require in evaluating the Definitive Proposal, the Transaction, a possible acquisition of shares in AR1 or HMX, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.